

Biotech incubator builds chemistry lab for start-ups

By Katherine Conrad

Mercury News

Tue, Sep. 12, 2006

Biotech companies setting up shop in the San Jose BioCenter no longer have to wait for days for their lab results to return from Southern California.

A new chemistry analytic lab has been installed as part of a \$2 million investment in equipment that includes eight wet labs at the biotech incubator in South San Jose, which is run by the city and the San Jose State University Foundation.

Melinda Richter, executive director of the BioCenter, said these analytic labs are too expensive for start-up companies to install on their own, and the sole lab in the Bay Area is "always booked up." So when money from the city's redevelopment agency became available, Richter knew how to spend it.

"Our companies send their lab results to San Diego, where it's at least a three- to five-day turnaround, plus the expense," Richter said. "Now they'll have it in 10 minutes."

Richter was preparing to go to the United Kingdom for a 10-day trip, scheduled to end in mid-September, to spread the news about the BioCenter. The trip, she said, was the result of British Prime Minister Tony Blair's visit to Silicon Valley in July, but it's certainly not the first time foreign visitors have come to the BioCenter. Delegations from Africa, China and Japan have all made their way to South San Jose.

"We're very unique in the nation. Really, we're unique in the world," Richter said.

The BioCenter's 36,500 square feet in the Edenvale Tech Park opened two years ago and is home to more than a dozen companies. The incubator is designed to handle all the hassles of running a business, such as front-office duties and maintaining equipment, so start-up companies can focus on research. Richter said the biggest lesson she plans to share with her English and Irish counterparts is to "do your homework and run it like a business, because it's such a huge cost structure." The monthly utility bill alone runs about \$20,000, she said.

Rajeshwar Chhibber, head of BrighTex Bio-Photonics, which has developed a scanner that shows invisible ultraviolet damage to the skin, said in a statement that BioCenter takes care of equipment as well as office duties.

"The BioCenter provides us with that big-company advantage, which frees us up to focus on our innovation," he said.

IT'S ALL JUST NUMBERS: Two weeks ago, this column reported a significant drop in vacancy rates in Santa Clara following the purchase of 42 acres of R&D property by Yahoo. Jere Hench, a broker with Wayne Mascia Associates, said two weeks ago that while helped negotiate a lease with Lumenis, he discovered that the market had tightened from a vacancy rate of 30 percent to 17 percent.

"Those numbers are way off," e-mailed Christian Marent, a broker at CB Richard Ellis.

"Regarding Santa Clara, I'm not sure the vacancy ever got up to 30 percent. It was close a couple of years ago, but now it is around 20 percent," he said, referring to the end of the second quarter. It could drop below 15 percent by the end of the third quarter, "due to the Yahoo deal and a few others have recently signed."

But Hench stood by his numbers -- although he said he misspoke by saying when the number dropped, and should have said vacancies were at 30 percent at the beginning of the year."

As with all things quantifiable, it's all about how you measure.

"Here's the thing, we all measure differently," Hench said. Wayne Mascia Associates measures from 1,000 square feet and CB Richard Ellis measures from 10,000 square feet for office vacancy. "The numbers were as high as 30 percent in the beginning of the first quarter, then it dropped to 17 percent today in Santa Clara."

It's not the first time that numbers from different brokerage houses tell different stories. Just ask Mark Ritchie of Ritchie Commercial, who has been beating the drum on the subject for years. As the new president of the Association of Silicon Valley Brokers, he gets to take another crack at what has become one of his "favorite" subjects: "data wars."

TRUMPED: Trump Mortgage, founded in New York last year, is rolling across the country and has become a registered mortgage broker in California, as well 25 other states including Colorado, Oregon and Florida.

E.J. Ridings, president of the company, said offices will open in Silicon Valley, but it's too soon to say where or even when. "We are currently doing research and negotiating with other firms that wish to be part of Trump Mortgage," he said in an e-mail.

The company will advise and offer mortgages to both residential and commercial companies.